

South Dakota Science and Technology Authority Board of Directors
Special Telephonic Meeting Minutes
Monday, July 23, 2018
Lead, South Dakota

The Board of Directors of the South Dakota Science and Technology Authority (SDSTA) convened at 2:00 p.m. Mountain Time (MT) on Monday, July 23, 2018, via teleconference. Listening posts for the public were established at the office of the SDSTA at 630 E. Summit Street, Lead, South Dakota, and at the Dolly-Reed Plaza in the Treehouse conference room, 711 East Wells Avenue, Pierre, South Dakota.

MEMBERS OF THE BOARD IN ATTENDANCE BY TELEPHONE

Mr. Paul Christen
Secretary/Treasurer Patricia Lebrun
Chairperson Casey Peterson
Vice-Chairperson Ron Wheeler
Dr. Robert Wilson

MEMBERS OF THE BOARD ABSENT

Dr. Ani Aprahamian
Vice-Chairperson Dana Dykhouse
Dr. Jim Rankin

SDSTA STAFF IN ATTENDANCE

Mr. Tim Engel, Legal Counsel (by phone)
Ms. Nancy Geary, Chief Financial Officer
Mr. Mike Headley, Executive Director (by phone)
Ms. Mandy Knight, Administrative Services Manager
Ms. Connie Walter, Communications Director

ALSO PRESENT DURING ALL OR PART OF THE MEETING

Mr. Bob Mercer, KELOLAND Media Group Journalist

ITEM 1. CALL TO ORDER

Chair Peterson called the meeting to order at 2:00 p.m. (MT). Chair Peterson declared a quorum was present, consisting of board members Mr. Paul Christen, Ms. Pat Lebrun, Chairperson Casey Peterson, Vice-Chair Ron Wheeler and Dr. Bob Wilson. Those absent were Dr. Ani Aprahamian, Vice-Chair Dana Dykhouse and Dr. Jim Rankin.

Chair Peterson asked participants at the listening posts in Pierre and Lead to identify themselves. Journalist Mr. Bob Mercer announced he was at the Pierre listening post. SDSTA staff listed above were present at the Lead office, except SDSTA Legal Counsel Mr. Tim Engel and Executive Director Mike Headley who joined by phone.

ITEM 2. APPROVE AGENDA

Chair Peterson asked for a motion to approve the agenda.

Motion by Mr. Wheeler and second by Ms. Lebrun to approve the agenda as presented. By roll call vote, the motion passed unanimously.

ITEM 3. EXECUTIVE SESSION

Motion by Ms. Lebrun and second by Mr. Christen to enter into executive session to discuss personnel matters and to consult with legal counsel concerning contractual matters. Motion passed unanimously by roll call vote.

The board entered into Executive Session at 2:06 p.m. and reconvened in open session at 2:34 p.m.

ITEM 4. REPORT FROM EXECUTIVE SESSION

Board members announced themselves as they re-joined open session by phone and Chair Peterson declared a quorum was present.

Chair Peterson reported that the board consulted with legal counsel concerning contractual and legal matters. No action was taken.

Motion by Mr. Wheeler and second by Mr. Christen to approve the executive session report. By roll call vote, the motion passed unanimously.

ITEM 5. APPROVAL TO PROCURE AND FINANCE GENERAL LIABILITY INSURANCE FOR LBNF

Motion by Ms. Lebrun and second by Mr. Wheeler to authorize Executive Director to bind coverage and financing under reasonable terms and conditions, if necessary, for an additional \$25,000,000.00 of the premium for general liability insurance for the Long Baseline Neutrino Facility, as will be presented.

SDSTA Legal Counsel Mr. Tim Engel provided a summary and reminded the Board the PDA requires that the “Homestake Indemnified Parties” be named additional insureds on commercial general liability insurance with limits of no less than \$75 million.

He said, during a prior special meeting, the Board authorized the purchase (and financing of the premium) of a new \$75 million “tower” of commercial insurance to insure against Long Baseline Neutrino Facility/Deep Underground Neutrino Experiment (LBNF/DUNE)-related exposures as required by the Property Donation Agreement (“PDA”). The Captive continues to insure all other exposures.

In addition, most if not all contracts the SDSTA enters into with funding agencies, project sponsors and the grantors of easements require SDSTA to name the other party to the contract as an “additional insured.” He said, it is not possible to include the non-Homestake additional insureds in the \$75 million limits because doing so “dilutes” the \$75 million of limits which SDSTA is contractually obligated to provide for Homestake.

As proposed in the above draft motion, the proposal is to purchase an additional \$25 million on top of the \$75 million which will help protect SDSTA in the event of a loss and indemnification claim related to the Open Cut and related rock conveyor easements and contracts with Fermi Research Alliance LLC (FRA).

Mr. Engel said the premium for the \$25 million of additional limits is \$180,000.00 for the coverage period August 1, 2018 to August 1, 2023. That calculates out to \$1,440.00/\$1,000,000.00 of coverage per year. He said he inquired about the cost of financing the premium over five years and will provide that additional information when it becomes available. He said if the premium is financed, the annual cost will be \$1,440.00/\$1,000,000.00 plus finance charges after the down payment the first year. It was noted the source of funds is federal funds and will flow through FRA.

Mr. Engel then asked if there were questions.

Chair Peterson asked what would happen if there is an additional contract that needs to be added and if it would require a new policy?

Mr. Engel said if the additional contract is not LBNF/DUNE-related, SDSTA may be able to purchase from the Captive. If it is LBNF/DUNE-related and there have not been any substantial claims, he hoped SDSTA could add additional limits to this policy. He noted, the \$25 million allows some flexibility to possibly add a few contracts under this policy.

Ms. Lebrun asked if there was a need for additional coverage, would it need to be re-bid with other insurance companies or could the SDSTA go with the same insurance company? Mr. Engel replied that if additional limits are required, it would most likely be significantly cheaper to go with same company because it is not first dollar coverage.

Mr. Wheeler asked if any additional cost is incurred to comply with the PDA, will the SDSTA be reimbursed by FRA? Mr. Engel said yes, and Mr. Headley concurred with that statement.

In conclusion, Chair Peterson asked if there were further questions. There were none.

By roll call vote, the motion passed unanimously.

ITEM 6. PUBLIC COMMENTS

Chairperson Peterson asked if there were any questions or comments from the public. There were none.

Ms. Lebrun commented that this is an important step to help move along the LBNF/DUNE project. Chair Peterson concurred.

ITEM 7. ADJOURN

Chair Peterson reminded board members the next regularly scheduled board meeting will be held on Tuesday, September 18 at 8:00 a.m. (MT) in the Education and Outreach Building and called for a motion to adjourn.

Motion by Mr. Christen and second by Ms. Lebrun to adjourn. By roll call vote, the motion passed unanimously.

Meeting adjourned at 2:44 p.m. (MT) on July 23, 2018.